

AN ORDINANCE

**99308**

**ADOPTING GUIDELINES FOR USE OF THE ECONOMIC DEVELOPMENT INCENTIVE FUND; AND AMENDING ORDINANCE NO. 97248 PASSED AND APPROVED ON FEBRUARY 27, 2003, TO MODIFY THE ECONOMIC DEVELOPMENT PROGRAM FOR THE CITY TO PERMIT GRANTS IN ACCORDANCE WITH THESE GUIDELINES.**

\* \* \* \* \*

**WHEREAS**, in September 2003 as part of the adopted FY 2004 budget, the City Council allocated \$12 million towards the establishment of the Economic Development Incentive Fund (EDIF) to be used in support of public improvements related to or customized job training required by certain companies seeking to locate in San Antonio, and which funds must be offered as part of a larger incentive package intended to attract, and/or retain, high-impact companies or government agency projects that are part of, or support, the City's targeted industries; and

**WHEREAS**, these targeted industries which are identified in the City's Tax-Phase-in-Guidelines or the Strategic Plan for Enhanced Economic Development consist of:

- Agribusiness
- Aviation/Aerospace
- Biotechnology
- High Level Business Services
- Information Technology and Security
- Logistics and Distribution
- Manufacturing
- Telecommunications

**WHEREAS**, when establishing the EDIF, City Council also intended that grants from this source be eligible to be used to match and leverage private, state, or federal grants intended to achieve these same goals for businesses in the targeted industries; and

**WHEREAS**, at City Council's request, staff has developed draft Guidelines for the use of the EDIF, which Guidelines are attached as Exhibit A and which have been presented to the City Council's Economic and Human Development Committee on two occasions, with written comments having also been solicited from individual City Council offices; and

**WHEREAS**, it is the desire of City Council to formally adopt these Guidelines for use by staff when offering and negotiating the grant of funds from the EDIF to attract or retain high-impact companies that are part of, or directly support, the City's targeted industries and to amend Ordinance No. 97248 (approved February 27, 2003) to modify the Economic Development

Program for the City to permit grants in accordance with these Guidelines; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** City Council hereby adopts Guidelines for the use of the Economic Development Incentive Fund (EDIF), as more particularly set out in Exhibit A, which is attached hereto and incorporated herein for all purposes.

**SECTION 2. Eligibility Requirements:** The EDIF may only be used in the limited circumstances where the City is seeking to attract a new company or government agency project that meets certain criteria, including being a company/agency that is part of, or supports, one of the aforementioned targeted industries, whose project involves: new planned investment and real and/or personal property exceeding \$50 million; will directly create at least 500 full-time, permanent positions within one year of project completion; will pay in excess of 1.5 times the Wage Standard of City and provides access to health insurance for its employees and their dependents; and is located in an area targeted by the City for development. The EDIF may also be used when the City is seeking to retain of an existing company or government agency, meeting the criteria above, whose potential relocation is real and known.

**SECTION 3. Use of Funds:** The EDIF can be used directly for the acquisition, design, construction, financing, and development of public improvements, such as facilities, streets, utilities, right-of-way, and easements, or workforce training. Additionally, based on components contained in the City's Economic Development Program, the EDIF may also be used for other economic development uses, such as property acquisition, site development, financing costs, and facilities, pursuant to Chapter 380 of the Texas Local Government Code.

**SECTION 4. Authorization for Use:** The City Manager is hereby authorized to offer and negotiate use of some or all of the funds for companies meeting the eligibility requirements set out above in Section 2. All final agreements and allocations for the use of funds from the EDIF, as well as any exceptions to these Guidelines, must receive City Council approval.

**SECTION 5. Ineligible and Restricted Areas:** Projects located in whole or in part over the Edwards Aquifer Recharge Zone are not eligible for incentives from the EDIF. Projects located in whole or in part over the Contributing Zone, or the Contributing Zone within the Transition Zone, shall require an affirmative vote by eight existing City Council members for use of EDIF funds.


**SECTION 6: Amount of Incentive Per Project.** The EDIF will be used in conjunction with other incentive tools as part of a community package of incentives. The total dollar amount of incentive made available from EDIF for a particular project will be determined according to the following table:

Private Investment	Direct Job Creation	Incentive Available	Maximum Incentive Amt.
\$50-\$75 million (ISS Score = 75+)	500-749	Equal to 1% of Company Direct Investment in Project	Up to: \$750,000
\$75 - \$100 million (ISS Score - 90+)	750-999	Equal to 2% of Company Direct Investment in Project	Up to: \$2 million
\$100 million + (ISS Score = 100+)	1000+	Equal to 3% of Company Direct Investment in Project	Negotiable


**SECTION 7.** City Council further amends Ordinance No. 97248 adopted on February 27, 2003 in order to modify the City's Economic Development Program to permit grants to companies who meet the requirements established in these Guidelines, as more particularly set out in Exhibit B, which is attached hereto and incorporated herein for all purposes.

**SECTION 8.** This ordinance shall be effective on and after the tenth (10th) day after passage hereof.

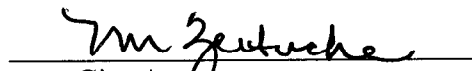
**PASSED AND APPROVED** this 3rd day of June, 2004.

  
MAYOR  
EDWARD D. GARZA

**ATTEST:**

  
City Clerk

**APPROVED AS TO FORM:**

  
City Attorney